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May 28, 1998

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MAY 28 1998

Magalie R. Salas, Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

Re: **Notification of Ex Parte Presentation**
Petition of Bell Atlantic Corporation for Relief from Barriers to
Deployment of Advanced Telecommunications Services
File No. CC Docket No. 98-11

Petition of Ameritech Corporation for Relief from Barriers to
Deployment of Advanced Telecommunications Services
File No. CC Docket No. 98-32

Petition of U S West Corporation for Relief from Barriers to
Deployment of Advanced Telecommunications Services
File No. CC Docket No. 98-26

Petition of the Alliance for Public Technology
Requesting Issuance of Notice of Inquiry and
Notice of Proposed Rulemaking to Implement Section
706 of the 1996 Telecommunications Act
File No. CC Docket No. 98-15

Dear Ms. Salas:

On behalf of Intermedia Communications Inc. ("Intermedia"), please take notice that today, Thursday, May 28, 1998, Julia Strow and Don Davis, both Assistant Vice Presidents, Industry Policy for Intermedia, and the undersigned, met with Kevin J. Martin, Legal Advisor to Commissioner Harold Furchgott-Roth to discuss Intermedia's comments in the above-captioned docketed proceedings. A copy of a handout used in the presentation is attached. Because

KELLEY DRYE & WARREN LLP

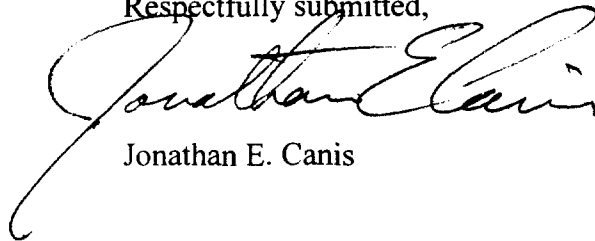
Magalie R. Salas, Secretary

May 28, 1998

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Intermedia's recommendations may effect the merits or outcome of the above-referenced proceedings, pursuant to Section 1.1206(b)(1) of the Commission's Rules, Intermedia hereby submits an original and two (2) copies of this *ex parte* notification for inclusion in the public record.

Respectfully submitted,

A handwritten signature in cursive script, reading "Jonathan E. Canis". The signature is written in dark ink and is positioned above the printed name.

Jonathan E. Canis

A CLEC's Perspective on Section 706

Intermedia Communications

ex parte Presentation

May 28, 1998

ILEC Section 706 Fallacies

- The Telecom Act Excludes Data
- Technology Eliminates the Bottleneck
- Digital Investment Requires “Incentives”
- Data and Voice Are Mutually Exclusive
- The Internet Needs Me

Regulators Must Look Beyond ILEC Gamesmanship

Fallacy #1: *The Telecom Act Excludes Data*

Truths:

- Telecom Act Is Technology Neutral
- DS1, DS3, ISDN, Voice-Over-Data, Digital Loop Carrier, Frame Relay, ATM and ADSL Predate Telecom Act
- “Digital Interconnection” Required at Any Technically Feasible Point Just Like Voice
- Early ILEC Agreements Cover Data Elements

Broad Application of Sections 251/252 Intended

Fallacy #2: *Technology Eliminates the Bottleneck*

Truths:

- Digital Technology Is Not New
- XDSL Acts as a Feature on a Copper Loop
 - Economies of Scale Limit CLEC Participation
 - DLC Technology Compounds Problem
 - Collocation Barriers Still Exist
- ILEC Potential to Lock-In XDSL Customers for Voice, Data, Internet and Toll Usage

Loop & Loop Electronics Are Still the Bottleneck

Fallacy #3: *Digital Investment Requires “Incentives”*

Truths:

- Upgrading “Electronics” Is Normal Business
- ILECs Are Aggressively Deploying Technology
 - “Digital” Supports New High Margin Services
 - “Digital” Provides Long Term Expense Reductions
- Price Caps Addressed Investment Incentives
 - Technology Itself Does Not Justify Excess Profits
- Wholesale Availability of Data UNEs & Resale Significantly Reduces ILEC Investment Risk

Competition Incentivizes New Technology Investment

Fallacy #4: *Data and Voice Are Mutually Exclusive*

Truths:

- Digital Technology Supports Both Voice & Data
 - Data and Voice Ride the Same Loops
 - Smart CPE Supports Integration for Businesses
 - XDSL Moves Digital to the Home
- ATM Switching Eliminates Need for Separate Voice and Data Switches
- Internet Telephony Moving Beyond Infancy

***Data and Voice Are Becoming Indistinguishable
Impossible to Sustain Disparate Treatment***

Fallacy #5: *The Internet “Needs” Me*

Truths:

- Internet Investment Exploding w/o RBOCs
 - OC3/OC48 Backbones Meet Transport Requirements
- Minimal ILEC Out-of-Region Investment
- ILEC ISP Affiliates Raise Specific Concerns
- Bill Gates: Loop Remains Critical Bottleneck

ILEC Brings No Critical/Unique Skills to Table

Intermedia Bottom Line:

Section 706 Should Be Used To:

- Facilitate Development of Irreversible Competition
- Foster Facility Based Initiatives
 - Fix Collocation
 - Ensure Digital Connectivity Between Providers
 - Use RBOC Digital UNEs as the Act Envisioned

Section 706 Shouldn't Be Used To:

- Eviscerate Sections 251 and 252 of the Telecom Act
- Protect New Areas of ILEC Monopoly Profit

The Commission Must “Stay the Course”